CH680-2-4

December 1985

fuel oil news

The Largest Circulation Magazine of Oil Heating & Petroleum Handling

THE 1986 SOURCE B·O·O·K

50th Anniversary

OIL HEAT 100 YEARS OF PROGRESS! 1885 1985 CENTENNIAL

- Annual Industry Study
- Supplier Directory
- Association Rollcall

fuel oil news

Serving the Industry Since 1935—December 1985/Volume 50/Number 12

1986 Source Book

Dateline 3

Futuresline 10

Tradingline 12
Analysis of the spot and futures price trends. By Douglas E. Hartman.

Publisher's Page 14
The Shylocks of Our Industry. By Bill Straub.

Editorial 16
I'm Disappointed. By George Schultz.

Association Rollcall 20
Directory of national and regional petroleum marketing and allied groups.

Directory to Oil Heat Suppliers 26
Alphabetic listing.

Oil Handling Equipment 38
Products & services cross-referenced.

Advertisers' Direct Response Post Cards 43-62

Heating & Cooling Equipment 66
Products & services cross-referenced.

Accessory Equipment 68
Products & services cross-referenced.

The Oil Heating Industry—1985 72
Our eighth annual study. By George Schultz.

Classified Advertising 101

Advertisers' Index 102

Published by
Hunter Publishing Co., Inc.

Business, Advertising & Production Offices:
950 Lee St.
Des Plaines, IL 60016
(312) 296-0770

Executive Staff:
Albert Joseph
President
Robert E. Yarbrough Jr.
Executive Vice President
William D. Straub
Publisher
Curtis C. Klinger
Publisher Emeritus
James J. Halloran
Editorial Director
Edward Robinson
Circulation Director
Charles Larson
Circulation Manager
Arthur Steitz
Business Manager
Janelle Joseph
Manager of Marketing Services
Dorothy Paprocki
Marketing Services Assistant

Editorial Offices:
P.O. Box 280
Colonia, NJ 07067
(201) 381-7279

George Schultz
Editor
Thomas R. Byrley
Editor Emeritus
Omer Henry
Field Editor
Joel E. Davis
Contributing Editor

Affiliated Editorial Staff
Hunter Energy Network:

Marvin Reid, Editor
National Petroleum News
J. Richard Shaner
Executive Editor, NPN

Cover:
This is our eight annual attempt at producing the industry's most comprehensive directory issue, complete with listings of all the major manufacturers of equipment and services used by oil heat dealers, an association directory and exclusive industry study. Cover design by Craig Reuter.

BPA

Fuel Oil News Magazine (USPS 345-770) is published 12 times per year by Hunter Publishing Co., 950 Lee St., Des Plaines IL 60016, (312) 296-0770. Publication date is first of each month. Second class postage paid in Des Plaines, IL 60016 and additional mailing offices. Change of address: Send old label and new address with zip code to FUEL OIL NEWS, 950 Lee St., Des Plaines, IL 60016. Allow six weeks for changeover. Subscriptions: $19.00 per year; $34.50 for two years, in advance. Canadian subscriptions, $27.00 per year, $42.50 for two years. All other countries, $35.00 per year. Single or back copies, $2.00 per copy in U.S. and Canada, $3.00 elsewhere.
Copyrighted 1985 by Hunter Publishing Co. All rights reserved. Reproduction in whole or in part without express written permission is prohibited.
Postmaster: Send Form 3579 to FUEL OIL NEWS, 950 Lee St., Des Plaines, IL 60016

The Oil Heat Industry — 1985

Our Eighth Annual Profile Of Marketers

By George Schultz, Editor

As we approach the end of oil heat's Centennial Year, the statistics presented herein will provide an important benchmark for the future health of the industry. Preparing this study was possible only through the cooperation of hundreds of oil heat marketers around the nation who took the time to answer a comprehensive questionnaire which was sent out in mid-October. Their efforts are certainly appreciated, and we hope that the statistics generated will help everyone in the industry.

The questionnaire was sent to dealers in every region of the country, on a random basis in order to achieve a valid sample for analysis purposes. It asked more than 50 questions which generated about 235 separate statistics. The questionnaires were first analyzed by regions, then recomputed nationally. Thus, more than 1,400 sets of data were totalled and averaged to produce this study, which we believe is the most comprehensive analysis of the oil heating industry available anywhere.

TABLE 1
Type of Petroleum Sold
(Percent of Readers)

	Fuel Oil	Gasoline
New England	100%	30.5%
Mid-Atlantic	100	49.3
South	100	58.8
Midwest	98.1	86.5
West	100	65.0
All Sections	*99.6%*	*58.0%*

Table 2
Petroleum Revenue as a Percent of Total Business Income

New England	78.7%
Mid-Atlantic	80.5
South	82.3
Midwest	79.8
West	86.0
All Sectors	*81.5%*

As we have indicated in past studies—this is our eighth annual effort—the questions asked each year are basically the same in order to develop historical trends. However, from time to time we add and subtract, in order to uncover new developments as the industry undergoes change. For example, about four years age we started asking dealers if they traded on the futures market. And last year, we added a section on gasoline and C-store operations. We've continued these, as well as the section on marketer concerns, which was also started last year.

A Look at the Respondents

At the outset we must establish exactly who we are surveying. Therefore, one of our first questions is always what products they handle. Table 1 provides the answer, indicating that virtually all (99.6%) of the respondents handle fuel oil, either on a retail or wholesale level. And, as has been a growing trend for the past three or four years, a majority of these marketers also sell gasoline at some level. The percentage of those who handle the motor fuel seems to have stabilized, however, since last year's number was a slightly higher 59%. Back in 1978 when we conducted our first survey,

TABLE 3
Sources of Business Income
(Percent of Total Business Income)

	FUEL OIL			
	Retail		Bulk	
	Primary	Secondary	Primary	Secondary
New England	97.2%	2.8%	8.3%	13.9%
Mid-Atlantic	97.2	2.8	12.7	21.1
South	82.4	17.6	17.6	17.6
Midwest	78.8	13.5	34.6	23.1
West	70.0	25.0	35.0	10.0
All Sections	*85.1%*	*12.2%*	*21.6%*	*17.1%*

	GASOLINE			
	Retail		Bulk	
	Primary	Secondary	Primary	Secondary
New England	22.2%	8.3%	8.3%	8.3%
Mid-Atlantic	28.2	16.9	22.5	14.1
South	23.5	17.6	41.2	5.9
Midwest	55.8	21.2	34.6	25.0
West	30.0	25.0	40.0	5.0
All Sections	*31.9%*	*17.8%*	*29.3%*	*11.7%*

about 54% of our sample handled gasoline. That figure inched up each year and this survey represents the first time that it has fallen, even if it is just by 1%.

The regional numbers do show some significant differences over last year. The traditional leaders in gasoline marketing among our pollsters—the South and Midwest—have fewer so-called fuel oil dealers selling gasoline. Last year, more than 73% of the Southern dealers marketed gasoline but this year that figure is pretty close to the national average (58.8%). More than 95% of Midwest marketers polled last year said they handled gasoline, but this year that figure has dropped to 86.5%. At the same time, Mid-Atlantic and Western dealers have shown gains in this area. Only a third of Mid-Atlantic dealers said they sold gasoline in 1984; this year almost half said so. Western dealers rose from 61% to 65%. New England was the only region which showed very little change. The figure was down just .2% from 1984.

While fewer Southern dealers sold gasoline, it seems that they have worked harder on fuel oil. Last year, just 93.5% of those polled said they sold heating oil, as opposed to the 100% who so stated this year. This helped bring the national percentage of survey participants who handled fuel oil up from 98.3% last year to 99.6% on the current study.

The Importance of Petroleum

How important is the sale of petroleum products to our panel? To find out we asked what percentage of income it represented in their total company operation, and the results are in Table 2. Nationally, the sales of petroleum products account for 81.5% of total business income, making it far and away the most important consideration for these entrepreneurs. The variation on a regional basis was fairly limited, from a low of 78.7% in New England to a high of 86% in the West.

To get an even better handle on the nature of oil marketer operations, we asked our participants to indicate what products represent primary and secondary sources of income for them, and their answers appear in Table 3. Fully 85% of them said that the retail sale of fuel oil was a primary source of income for them. Another 21.6% said bulk fuel oil sales was a primary source of income. Fuel oil sales were secondary to only 12.2% (retail) and 17.1% (bulk). Less than one-third consider retail or bulk gasoline sale a primary source of income, and even fewer consider it a secondary source of income. The Midwest is the only area in which a majority of marketers feel that retail gasoline sales are a primary source of income. All other regions are below the national average. For bulk sales, the Midwest, South and West are all above the national average, which demonstrates the differences in marketing operations throughout the country.

Getting back to the fuel oil side of the business, note that the Eastern marketers (New England, Mid-Atlantic and South) rely less on bulk sales than their Midwestern and Western peers do. Each of these regions show averages below the national in terms of bulk fuel oil sales as a primary source of business income. These regions also show the highest percentage of marketers who feel that retail fuel oil sales is a primary source.

Another indication of the importance of home heating oil to the petroleum marketer is shown in Table 4. No. 2 oil is the leading product sold by a wide margin, more than double gasoline and miles ahead of all the rest. The regional differences stand out here as well, with the Midwest being the only area in which No. 2 is less than 50% of our panel's total volume. Actually, this figure has grown somewhat since last year, when No. 2 represented only 35% of the Midwestern dealers' volume.

Gasoline accounts for just 23.1% of the total volume of our sample, up about .6 percentage points from 1984. Regionally, the gasoline percentage rose in New England and the West, and declined somewhat in the other regions. Western gasoline share was actually up almost 10%, and No. 2 share was also up in the West, from 50% last year to 56.8% in 1985. This made up for the decline in the sale of other products in that region.

Heavy oil (including No. 4 which is actually a distillate) represents only a tiny percentage of our panel's total volume. This market pretty much belongs to the majors and "Indies," with few heating oil marketers even attempting to compete. The high volumes and ultra-low margins require a lot of rolling stock, special storage and handling requirements and other considerations which make these products unattractive to most marketers who specialize in serving the home heating customer. Of course, our marketers do serve commercial and industrial accounts, as well as apartment buildings, schools, hospitals, etc., as we will discuss, but they evidently provide these accounts with mostly No. 2 oil.

Marketer Profile

Table 5 provides an overview of the average size of the marketers responding to our survey. The figures are down from last year, suggesting that the industry has suffered heavy losses to other fuels despite other evidence to the contrary (more about that later). Last year, the

TABLE 4
Petroleum Products Sold
(Percent of Total Volume)

	No. 2	*No. 1*	*No. 4*	*No. 5 & 6*
New England	77.3%	7.7%	2.9%	1.0%
Mid-Atlantic	65.4	5.3	1.6	1.2
South	51.2	11.6	*	*
Midwest	39.3	8.1	*	*
West	56.8	7.0	0.5	0.6
All Sections	*58.0%*	*7.9%*	*1.0%*	*0.6%*
	No. 2 for Diesel	*Gasoline*	*LPG/LNG*	*Other*
New England	2.6%	8.9%	2.3%	*
Mid-Atlantic	9.8	13.8	0.2	1.1
South	7.1	28.5	1.4	*
Midwest	14.1	37.1	*	1.1
West	18.6	27.1	*	*
All Sections	*10.4%*	*23.1%*	*0.8%*	*0.4%*

*Less than .1%

TABLE 5
Average Size of Business

	No. Residential Fuel Oil Accts	No. C/I Customers	Vol. Distillate	Vol. Residual	Vol. Gasoline	No. Employees
New England	1385	135	1,565,968 gal.	1,508,333 gal.	1,238,571 gal.	11.8
Mid-Atlantic	1416	112	2,129,259	2,230,000	2,626,345	12.8
South	702	65	919,813	N.R.	3,092,000	7.6
Midwest	493	97	1,280,310	943,000	1,418,250	11.3
West	2316	248	2,113,368	307,895	1,834,474	12.9
All Sections	*1262*	*131*	*1,601,744 gal.*	*1,247,307 gal.*	*2,041,928 gal.*	*11.3*

N/R—Not Reported

average number of residential fuel oil customers nationally was 1649, almost 400 more than on the current tally. The average number of commercial/industrial accounts was 181 in 1984, 50 more than this year. We can't explain these reductions except for the fact that since it is a random survey, the respondents are not necessarily the same as those polled last year, so there exists statistically variation. Interestingly, although four of the five regions show figures below that reported last year, the average number of residential accounts for Western dealers is up nearly 600, although commercial/industrial accounts are down in the West, as they are in all the other regions.

Volumes on fuel oil and gasoline are also down from 1984, some one-half million gallons. Since the average number of accounts is down, it makes sense that the volume would also be down a corresponding factor. Dividing the average number of accounts by the average volume produces a per-account usage of about 1149 gallons. In 1984, this figure was 1235 gallons, about 85 more than this year. Continued conservation and a milder winter in 1984-85 vs. 1983-84 can explain this difference. Of course, this calculation includes both residential and commercial/industrial accounts, so it really doesn't give an accurate estimate of usage.

On a regional basis, everybody said they sold less fuel oil, including Western dealers who reported a greater number of customers. The drop in volume was anywhere from 1.4 million gallons on average in the Mid-Atlantic states to less than 100,000 gallons in the West.

Gasoline also took a dip this year by an amount very similar to fuel oil. Most regions reported less gasoline volume, from almost two million less in New England to about a half-million in the South. Bucking the trend was the Midwest, which actually showed a slight increase over 1984, and the Mid-Atlantic, which showed a gain of more than a half-million gallons on average. With the pull-out of the major oil companies in many Northeast regions, the increase in volume by petroleum marketers is not surprising. However, as indicated, the difference could be a matter of statistical variation, rather than a change in marketshare.

The residual volume does not represent our entire panel, only those who do in fact handle these petroleum products. This figure also dropped significantly from last year, almost one million gallons on average. Of course, the problem with asking such questions are that if there are responses from very large marketers, it throws the average off. This apparently happened in 1984, when the average residual volume for Mid-Atlantic marketers who handled it was in excess of 6.8 million gallons. This year, Mid-Atlantic marketers averaged just 2.2 million gallons of resid. The average in the other regions actually went up, but the large reduction in the Mid-Atlantic region caused the overall average to drop as well.

The average number of employees per marketing organization also fell from the 1984 figure. Last year, the average marketer nationwide employed some 13.9 people. This year, that has fallen to 11.3. The biggest reduction was in the Mid-Atlantic, which saw a halving of its workforce, from an average of 24.1 employees in 1984 to 12.8 this year. Midwestern and Western dealers actually added to their average. In 1984, the

TABLE 6
Annual Heating Oil Sales by Types of Customers
(Percent of Total Customers Served)

	Private Homes	Apts.	Educ.	Hospitals	Com-merical	Industrial
New England	77.7%	6.1%	0.8%	0.5%	10.1%	5.0%
Mid-Atlantic	80.6	4.2	0.8	0.8	7.3	3.9
South	85.7	0.1	*	0.6	7.9	3.7
Midwest	74.2	2.7	1.8	0.2	9.3	6.4
West	84.1	3.7	1.2	2.1	8.6	2.4
All Sections	*80.5%*	*3.5%*	*0.9%*	*0.8%*	*8.6%*	*4.3%*

*Less than .1%

Table 7
Total Annual Company Dollar Revenues
(Percent of marketers in each category)

	Less Than $1 Million	$1-5 Mil.	$5-10 Mil.	$10-25 Mil.	$25-50 Mil.
New England	67.3%	32.6%	*	*	*
Mid-Atlantic	30.4	42.0	15.9	8.7	2.9
South	47.1	29.4	17.6	5.9	*
Midwest	26.5	53.1	10.2	8.2	1.9
West	25.0	56.3	12.5	18.8	6.3
All Sectors	*39.3%*	*42.7%*	*11.2%*	*8.3%*	*2.2%*

*Less than .1%

Table 8
Pre-Tax Earnings
(Percent of marketers in each category)

	Less Than $50,000	$50-100,000	$100-$200,000	$200-500,000	$500,000 +
New England	43.5%	43.5%	13.0%		
Mid-Atlantic	45.3	15.1	18.9	9.4	11.3
South	52.9	23.5	11.8	5.9	*
Midwest	59.6	21.3	14.9	2.1	*
West	21.1	26.3	36.8	10.5	5.3
All Sectors	*44.5%*	*25.9%*	*19.2%*	*5.6%*	*3.3%*

*Less than .1%

Table 9
EDP Usage

	Use EDP
New England	52.8%
Mid-Atlantic	52.1
South	52.9
Midwest	36.7
West	51.9
All Sectors	*49.3%*

Midwest average was 10.6 and the Western average was 9.0.

Private Homes Dominate

As mentioned earlier, our marketers do serve other than private homes, as indicated in Table 6. The national average shows that nearly 20% of marketer' customers are other than private homes. However, these accounts seem also to be shrinking while the portion of private homes is rising. In 1984, just 75% of the customers served were private homes. This year, that figure is over 80%. At the same time, the percent of commercial and industrial has dropped a few points. In 1984, some 11.7% of marketer accounts were commercial and 6.6% were industrial. Apartments, educational and hospitals remained about the same. On a regional basis, the South has evidenced the greatest change. In 1984, only 63% of the customers were private homes, while 16.3% were commercial and 12.8% were industrial. This year, more than 85% are private homes, with commercial representing just 7.9% and industrial dropping to 3.7%. The percentage of private home customers in New England and the Mid-Atlantic actually dropped somewhat from last year, with the commercial and industrial customers growing somewhat.

Revenues & Earnings

The marketers polled fell primarily into five groups, as indicated in Table 7. Most of them had annual sales of less than $5 million, accounting for 82% of those surveyed. In New England and the South, the greatest percentage of pollsters were in the under $1 million class, while other regions had the greatest number in the $1-5 million category.

Pre-tax earnings for the greatest number of dealers was less than $50,000, although a reasonable percentage had earnings slightly larger. Since the vast majority of oil heat marketing organizations are family run or closed corporations, earnings can often be misleading. As everyone knows, there are a number of ways of reducing earnings as the IRS interprets them.

Table 10
Computer Applications
(Percent of marketers using EDP for listed applications)

	New England	Mid-Atlantic	South	Midwest	West	*All Sections*
General ledger	42.1%	64.9%	100%	83.3%	81.8%	*74.4%*
Accounts payable	47.4	70.3	77.8	61.1	72.7	*65.9*
Accounts receivable/billing	100	94.6	100	77.8	100	*94.5*
Inventory reconciliation	42.1	24.3	44.4	61.1	54.5	*45.3*
Payroll	15.8	64.9	44.4	83.3	63.6	*54.4*
Fixed asset management	15.8	21.6	*	33.3	45.5	*23.2*
Excise tax reporting	26.2	27.0	44.4	44.4	54.5	*39.3*
Communications with stations	*	8.1	*	27.8	*	*7.2*
Tracking supplier costs	5.3	14.5	*	16.7	27.3	*12.8*
Pricing analysis	15.8	14.5	*	27.8	36.4	*18.9*
Oil price info. service/petro scan	*	2.7	*	11.9	27.3	*8.2*
Word processing	15.8	14.5	*	22.2	27.3	*16.0*
Scheduling of deliveries	63.2	40.5	44.4	22.2	81.8	*50.4*

*Less than .1%

Computer Usage

Almost half of the dealers surveyed (49.3%) use electronic data processing in their operations. This figure has remained fairly constant over the past few years, and is actually down somewhat from 1984, when 52.4% said they use EDP. There are regional ups and downs, with New England showing a nine point increase, while the others show decreases ranging from two to ten percentage points. Table 9 provides the details on overally EDP usage, and Table 10 gets into more detail.

According to our survey participants, of those using computers, the most widespread application is Accounts Receivable, with almost 95% stating that the computer is used for this. General Ledger is second, with nearly three-quarters of our computerized panelists taking advantage of this capability. The third most popular use for computers is accounts payable, accounting for some two-thirds of all dealers who use computers. Regional averages vary only slightly from the national in all categories.

Of interest is the growth of computer usage in the areas of communications with stations, pricing analysis and oil price information. Although these categories are still the least used of all computer capabilities, our survey indicates that their use is growing as dealers begin to better understand these functions and how to adapt them to their operations.

Rather puzzling is the reduction in the number of dealers that use computers for word processing. This has proven to be one of the computer's greatest strengths, yet while more than one-third of our 1984 panel said they used electronic word processing, this year just 16% so stated.

The Fleets

One of the most important aspect of a marketing organization is its rolling stock. Trucks also represent the greatest long-term investment, so we are always interested in a profile of the vehicles used to deliver the principal products of our industry.

The average number of delivery trucks per marketer, like the volume and number of accounts, is down from 1984. Last year, our panel had an average of 4.3 trucks nationally, but that number has dropped to 3.7 on our current investigation. The average number of trailers has declined from 0.8 per marketer to 0.6. The regional figures are shown in Table 11, which also reveals the average sizes, types of engines and tanks of marketer fleets.

Although the average size of the smallest vehicles in marketer fleets has remained about the same from last year—1892 in 1984 and 1875 in 1985—the average size of the largest delivery truck has dropped from 2662 gals. in 1984 to 2484 this year. Marketer preference has also become somewhat smaller. Last year, the marketers felt that the optimum size for a delivery vehicle was 2674 gals. In 1985, the estimate has become 2494 gals. Obviously there are no such truck tanks available, and the figures represent an average of hundreds of 2200's and 1800's. And national figures for this question are rather meaningless, since the size of a tank truck is dictated by a marketer's territory and account density, so that even marketers within the same region of the country could differ tremendously.

Gasoline engines still dominate the market, although the majority of dealers

TABLE 11
Trucks Per Marketer

	Average No. Del. Trucks	Average No. Trailers	Average Size Largest	Average Size Smallest	Optimum Size Preferred
New England	3.7	0.6	2821	2172	2823
Mid-Atlantic	3.9	0.8	2972	2217	2811
South	3.1	0.5	1958	1569	2042
Midwest	2.9	0.4	2315	1786	2214
West	5.1	0.9	2353	1641	2582
All Sections	*3.7*	*0.6*	*2484*	*1877*	*2494*

Engines By Type

	Use			Prefer	
	Diesel	Gas	Both	Diesel	Gas
New England	41.2%	17.6%	41.2%	76.4%	8.8%
Mid-Atlantic	27.1	31.4	41.4	60.0	18.6
South	*	60.0	40.0	40.0	46.7
Midwest	10.2	63.3	28.6	46.9	46.9
West	15.8	36.8	47.4	47.4	31.6
All Sections	*18.9%*	*41.8%*	*39.7%*	*54.1%*	*30.5%*

Truck Tanks By Type

	Use			Prefer	
	Steel	Alum.	Both	Steel	Alum.
New England	41.9%	9.7%	48.4%	12.9%	67.8%
Mid-Atlantic	41.2	16.2	42.6	20.6	55.9
South	86.7	*	13.3	53.3	33.3
Midwest	83.7	*	16.3	50.0	29.2
West	36.8	5.3	52.6	15.8	63.2
All Sections	*58.1%*	*6.2%*	*34.6%*	*30.5%*	*49.9%*

*Less than .1%

TABLE 12
Average Age Of Trucks

	Year Oldest	Year Newest
New England	1972.5	1981.7
Mid-Atlantic	1971.0	1981.3
South	1969.4	1979.2
Midwest	1972.7	1979.1
West	1968.4	1979.8
All Sections	*1970.8*	*1980.2*

Percent Buying This Year

	New Truck	New Tank Only
New England	33.3%	8.3%
Mid-Atlantic	24.3	12.9
South	40.0	*
Midwest	22.5	22.5
West	42.1	10.5
All Sections	*32.4%*	*10.8%*

*Less than .1%

still prefer diesels. For whatever reason, there is a definite difference of opinion on gasoline vs. diesel with regard to the regions. Southern dealers prefer gasoline slightly more than diesel, and Midwesterners are evenly split. New England, Mid-Atlantic and Western dealers, on the other hand, clearly favor diesel engines over gasoline. These opinions don't differ much from 1984, except that the Southern dealers have changed favorites.

On the usage side, the regional figures indicate movement in both directions, depending on where you are. In 1984, 20% of the Southern fleets were diesel-only, but that has virtually evaporated this year. At the same time, the number of diesel-only fleets is growing in every other region, and the overall percentage of fleets comprised of both diesel and gasoline has dwindled from more than 48% in 1984 to less than 40% this year.

The use of aluminum vs. steel tanks is another mystery. Overall, it seems that steel tanks are in wider use, with the number of steel-only fleets growing from 49.6% in 1984 to 58.1% this year. However, the percentage of dealers who use steel-only trucks has dropped in New England. The preference for steel has gone up from 21.9% in 1984 to more than 30% this year, but again, some regions prefer aluminum overwhelmingly--notably New England, Mid-Atlantic and West. Overall, aluminum is still preferred by the majority of dealers, but down about two percentage points from last year.

Last year, about 27% of our surveyed dealers said they planned to purchase a new rig this year, so we were anxious to see how Table 12 would change. We were somewhat disappointed in the results, which show that the average age of dealer fleets have not improved on a national level. Last year, the average age of the oldest truck in the fleets was 1970.1. The average age of the newest rig in 1984 was 1979.0. The numbers have gone up less than one full year, with the average of the oldest truck this year pegged at 1970.8 and the average for the newest at 1980.2. Tank truck manufacturers have been bullish about the industry in conversations we've had with them at the various industry trade shows. Virtually all of them reported full production and backlogged orders, but our survey indicates that there is still quite a bit of room for improvement.

Regionally there is some indication of upgrading of fleets. In New England, Mid-Atlantic and the West, the average ages jumped about two years since our last survey. In the South and Midwest, however, the figures were either unchanged or slightly older than last year's results. New England dealers seem to have the newest rigs, with the average model year of the newest estimated to be 1981.7. The oldest rigs in New England average 1972.5. About 31% of our New England dealers reported that their newest rig was a 1985 model. Last year, 48.6% of the New England panelists indicated that they planned to purchase a new truck in 1985. Evidently, not all of them did. In the Mid-Atlantic region, 36.5% of our dealers have purchased a 1985 truck, 9% more than had been considering it in 1984 when 27.3% of the Mid-Atlantic dealers said they planned to buy in 1985.

Overall, almost one-third of the dealers surveyed plan to buy a new rig in the coming year, and another 10% will put a new tank on an existing rig. Western and Southern dealers, who have some of the oldest rigs on the road (average age of oldest is 1968.9 in the West and 1969.7 in the South) plan to do the heaviest buy-

TABLE 13
Average Drop in Gallons

	275 Gal. Tanks
New England	175.7
Mid-Atlantic	172.4
South	175.3
Midwest	183.8
West	176.2
All Sections	*176.7*

	550 Gal. Tanks
New England	358.7
Mid-Atlantic	347.7
South	353.4
Midwest	400.5
West	367.3
All Sections	*365.5*

ing. More than 42% of the Western dealers are shopping for new rigs, and 40% of Southern dealers have asked Santa Claus for a shiny new delivery truck. Fewer dealers in the other regions are planning on a truck purchase in 1986 as compared to those who were planning same last year. New England has the greatest reduction in planned purchases. In 1984, nearly half of New England marketers we asked said they were considering a new truck for 1985. This year, that's down to just one-third of the survey participants.

Fewer dealers plan to put a new tank on existing rigs as well, with that percentage almost 8% less than 1984. Virtually none of the Southern dealers expect to replace a tank, and only the Midwestern figure is above last year's total.

Delivery Efficiency

While on the subject of trucks, we asked dealers how well they performed on deliveries. Obviously, the greater the drop to customer tanks, the more efficient the delivery process, thus maximizing the investment in the truck and equipment. Table 13 shows the average drop to both 275- and 550-gal. tanks, which is pretty close to last year's figures. The average drop to a 275-gal. tank is 176.7 gals. this year, compared to 172.7 gals. in 1984. The 550-gal. average drop is 365.5 gals. in 1985; 1984's average was 371.8 gals. Back in 1978, dealers said the average drop to 275-gal. tanks was 190 gals. and the average for 550's was 368 gals. So despite the increased use of computers and other sophisticated scheduling techniques, delivery efficiency hasn't changed much in the eight years since we began our study.

The use of two-way radios has actually dropped off somewhat since last year, the first time we've seen a decrease in the percentage of marketers who use this

TABLE 14
Percent Using Two-Way Radios

New England	69.4%
Mid-Atlantic	56.3
South	47.1
Midwest	49.0
West	73.7
All Sections	*59.1%*

TABLE 15
Percent of dealers trading on the futures market

New England	5.6%
Mid-Atlantic	14.1
South	5.9
Midwest	1.9
West	*
All Sections	*5.5%*

*Less than .1%

communications device in their delivery operations. In 1984, more than 70% of the dealers polled said they used two-way, but this year just 59.1% have radios. Only New England saw an increase in radio use, of about four percentage points over 1984. The details on two-way radios are shown in Table 14.

Futures Trading

Before leaving the oil side of the business, let's examine Table 15, the percentage of dealers who trade oil futures on the Merc. This year's figure is almost half of the 1984 percentage, although the regional percentages have changed significantly. The success of No. 2 oil trading on the New York Mercantile Exchange had led other exchanges to dabble in this commodity a couple of years ago, but none of these others were successful and have ultimately disappeared, leaving the Merc as the only exchange handling home heating oil.

In any event, last year about 10% of the dealers we polled said they have traded oil futures, compared to only 5.5% this year. The biggest reductions are in the South, which fell from 23.0% in 1984 to just 5.9% this year, and New England, in which 13.3% of last year's panel traded oil futures but only 5.6% do now. Interestingly, the Mid-Atlantic grew slightly, from 13.6% last year to 14.1% in 1985. A few Midwestern dealers have also begun trading futures. Last year, less than .1% said they were involved in futures, but this year nearly 2% are. Yes, this is a small percentage, but it indicates that there is growing interest in price hedging and other benefits offered by futures contracts. The proximity of our panel to the New York Harbor, the delivery point of NYMEX futures, greatly affects the percentage of dealers who utilize futures

TABLE 16
Percent of Fuel Oil Dealers That Sell, Install and/or Service All Types of Heating/Cooling Equipment

New England	75.0%
Mid-Atlantic	71.4
South	29.4
Midwest	32.7
West	63.2
All Sections	*54.3%*

trading. The further from the New York Harbor you get, the fewer marketers trade futures. Virtually none of the Western dealers trade futures, and the other regions are also smaller than the Mid-Atlantic.

Equipment Sales

What sets oil heating dealers apart from other petroleum marketers is their commitment to the equipment which burns the fuel they sell. Although motor fuel marketers do provide some service, they don't sell autos for the most part, and the maintenance offered is not nearly as extensive as the that offered by oil heating dealers. Oil heat marketers not only provide regular cleaning and maintenance to customer heating plants, but they often sell and install a wide variety of home comfort products, including both heating and cooling systems, insulation, humidification and air cleaning, etc.

Table 16 shows the percentage of our study participants who sell, install and/or service heating/cooling equipment. Nationally, this represents a majority of all our panelists, although Southern and Midwestern oil heat marketers who handle equipment are in the minority.

Historically, the Southern and Midwestern dealers have always shied away from the equipment side of the business, but based on a comparison with last year's figures, more of them are now getting involved. In 1984, just 26.7% of the Southern dealers handled equipment, but this year that figure has moved up to 29.4%. In the Midwest, almost one-third (32.7%) now handle equipment, an increase from the 26.8% who so stated in 1984. This is encouraging, because we have always felt that full customer service was the dealer's key to maintaining marketshare.

Somewhat discouraging are the figures from New England and the Mid-Atlantic, which show a decline in the percentage of dealers who handle equipment. In 1984, 86.7% of our New England panel said they sell, install and/or service equipment. That's dropped to 75% this year. Some 77.5% of the 1984 Mid-Atlantic panel were into equipment, but

TABLE 17
Sources of Business Income
(Percent of Dealers Reporting)
HEATING EQUIPMENT

	Retail	Wholesale
New England	69.4%	13.9%
Mid-Atlantic	70.4	7.0
South	17.6	*
Midwest	30.8	7.7
West	63.2	*
All Sections	*50.3%*	*5.7%*

	A/C	Other
New England	6.9%	11.1%
Mid-Atlantic	28.2	8.5
South	5.9	11.8
Midwest	19.2	7.7
West	21.1	*
All Sections	*16.3%*	*7.8%*

*Less than .1%

TABLE 18
Trends of Equipment Sales
Past 12 Months
(Percent of Dealers Reporting)

	Residential Up
New England	70.3%
Mid-Atlantic	56.0
South	5.8
Midwest	58.8
West	46.7
All Sections	*47.5%*

	Commercial Up
New England	22.2%
Mid-Atlantic	26.0
South	N/R
Midwest	23.5
West	33.3
All Sections	*26.3%*

N/R—Not Reported

that's down to 71.4% on our current tally sheet.

The Western dealers are becoming more active in equipment, with an increase of some 8% over 1984 (63.2% vs. 55.5% in 1984).

Table 17 breaks down equipment sales, showing that about half of our panelists are involved in retail heating equipment. Another 16% get involved in air conditioning (either retail or wholesale) and just 5.7% sell wholesale heating equipment. "Other" includes a whole range of products, including humidification and air cleaning, as well as the many diversified businesses which dealers undertake in order to maximize the use of facilities and equipment. There are dealers who sell, install and service water softening equipment, swimming pools, lawns, and a whole list of other things. Nationally, 7.8% of our panelists get involved in such activity, and it is most widely practiced in the South and New England, where more than 11% of our panelists indicated that they were into other operations.

In any event, retail heating equipment is most frequently sold by dealers in the Mid-Atlantic, with 70.4% of our panelists indicating that this is a source of their business income (either primary or secondary). New England is a close second, with 69.4% so stating. The West is close too, with 63.2% stating that retail heating equipment is part of their operation.

Trends in equipment sales, as shown in Table 18, are so-so nationally, although a majority of New England, Mid-Atlantic and Midwest marketers show increased residential sales over 1984. More than 70% of the New Englanders said residential sales were up this year, and better than half of the Mid-Atlantic and Midwest contingents had increases in equipment sales. Southern dealers fared the poorest, with only 5.8% of them reporting equipment sales increases. On the commercial side, just a little over one-quarter of our panel said business was better in 1985 than it was in 1984.

What Equipment is Handled

Tables 19, 20 and 21 provide an indication of the specific types of equipment handled by our panel. Oil burners is the leading category, with some 62.6% of our marketers involved with their sale, installation and/or service. Second is furnaces, which are handled by 60.5% of our participants. Boilers, which dominate the heat-

TABLE 19
Percent of Fuel Oil Dealers That Sell, Install and Service Selected Heating/Cooling Equipment

Residential

	Oil Burners	Gas Burners	Domestic Hot Water	Boilers	Hydronic Systems
New England	97.6%	18.5%	96.3%	81.5%	70.4%
Mid-Atlantic	96.0	18.0	86.0	84.0	52.0
South	23.5	*	5.9	*	*
Midwest	32.7	17.3	23.1	25.0	17.3
West	68.4	10.5	15.8	26.3	26.3
All Sections	*62.6%*	*12.9%*	*45.4%*	*43.4%*	*33.2%*

Commercial/Industrial

	Oil Burners	Gas Burners	Domestic Hot Water	Boilers	Hydronic Systems
New England	59.3%	11.1%	55.6%	51.9%	33.3%
Mid-Atlantic	56.0	12.0	32.0	46.0	32.0
South	17.6	*	*	*	*
Midwest	23.1	11.5	17.3	9.6	9.6
West	36.8	15.8	15.8	21.1	15.8
All Sections	*38.6%*	*10.1%*	*24.1%*	*25.7%*	*18.1%*

*Less than .1%

TABLE 20
Percent of Fuel Oil Dealers That Sell, Install and Service Selected Heating/Cooling Equipment

Residential

	Unitary A/C	Electric Resistance	Insulation	Solar
New England	7.4%	3.7%	3.7%	14.8%
Mid-Atlantic	26.0	8.0	12.0	10.0
South	5.9	*	5.9	*
Midwest	11.5	*	*	3.9
West	15.8	21.1	5.3	*
All Sections	*13.3%*	*6.6%*	*5.4%*	*5.7%*

Commercial

	Unitary A/C	Electric Resistance	Insulation	Solar	Refrigeration
New England	11.1%	3.7%	3.7%	3.1%	*
Mid-Atlantic	12.0	*	6.0	2.0	6.0
South	N/R	N/R	5.9	N/R	N/R
Midwest	7.7	*	1.9	*	7.7
West	10.5	21.1	5.3	5.3	5.3
All Sections	*10.3%*	*6.2%*	*4.6%*	*2.6%*	*4.8%*

*Less than .1%
N/R—Not Reported

TABLE 21
Percent of Fuel Oil Dealers That Sell, Install and Service Selected Heating/Cooling Equipment

Residential

	Furnaces	Warm Air Systems
New England	96.3%	96.3%
Mid-Atlantic	92.0	74.0
South	23.5	5.9
Midwest	32.7	23.1
West	57.9	57.9
All Sections	*60.5%*	*51.4%*

	Central A/C	Heat Pump
New England	14.8%	*
Mid-Atlantic	38.0	18.0
South	*	*
Midwest	17.3	5.8
West	26.3	26.3
All Sections	*19.3%*	*10.0%*

	Continuous Air Circulation
New England	7.4%
Mid-Atlantic	14.0
South	*
Midwest	5.8
West	*
All Sections	*5.4%*

Commercial

	Furnaces	*Warm Air Systems*
New England	51.9%	55.6%
Mid-Atlantic	42.0	36.0
South	11.8	5.9
Midwest	23.1	17.3
West	36.8	15.8
All Sections	*33.1%*	*26.1%*

	Central A/C	Heat Pump
New England	7.4%	*
Mid-Atlantic	24.0	14.0
South	*	*
Midwest	11.5	*
West	15.8	26.3
All Sections	*11.7%*	*8.1%*

*Less than .1%

ing market in the East, are handled by only 43.4% of our panel on the national level, although they get the nod from 84% of the Mid-Atlantic dealers and 81.5% of the New England folks. There is some slight decline in all the percentages this year, which goes back to the statistical variation discussed earlier.

It's interesting to note that a significant number of marketers also handle competitive fuels, namely gas burners (12.9%), electric resistance heating (6.6%) and heat pumps (10.0%). Air conditioning is handled by nearly 20% of our sample, and solar another 5.7%.

On the commercial side, burners are again the leading product, with some 38.6% of our participants indicating that they were involved with commercial oil burners. Furnaces are again second, followed by boilers.

As we mentioned earlier, quite a number of dealers are involved with the sale or service of peripheral equipment, which is demonstrated by the percentages in Tables 19-21 for such things as domestic hot water and hydronic (plumbing) systems, warm air (sheet metal), insulation, refrigeration, solar and continuous air circulation.

The average number of units installed by our panel is detailed in Table 22. According to our findings, the average dealer nationwide installed 27.8 residential oil burners, 15.3 residential boilers and 19.6 residential furnaces. The average dealer also installed 12.6 commercial oil burners, 7.6 commercial boilers and 7.4 commercial furnaces.

Again, the figures on the regional level show interesting differences. For example, Western dealers sold and average of 63 burners, compared with only 8 for the average Southern marketer. New England and Mid-Atlantic panelists sold fewer furnaces than boilers, whereas dealers in other regions were the opposite. The Northeast has always been the "wet heat" center and this continues judging from our findings.

Servicing the Equipment

Once the equipment has been sold and installed, it has to be maintained, and as mentioned previously, oil heat's strong suit has always been in servicing customer systems. More than 54% of our panel

TABLE 22
Average Number of Units Installed in Past 12 Months

	Residential			Commercial		
	Burners	Boilers	Furnaces	Burners	Boilers	Furnaces
New England	33.8	25.3	12.3	14.4	9.2	4.3
Mid-Atlantic	24.8	18.4	16.3	4.8	5.1	7.3
South	8.0	1.5	5.7	NR	NR	NR
Midwest	9.5	16.1	35.3	2.3	2.0	6.5
West	63.0	15.0	28.4	29.0	14.0	11.4
All Sections	*27.8*	*15.3*	*19.6*	*12.6*	*7.6*	*7.4*

NR—Not Reported

Table 23

The Service Department

	Have Service Depts.	Average No. Calls per Year	Value of Parts/Inventory	Service Dept. Profitable	No. of Technicians	No. of Service Vans
New England	77.8%	1536	$15,023	30.6%	3.0	3.2
Mid-Altantic	70.4	998	25,623	48.0	3.5	3.9
South	23.5	238	2,633	75.0	1.8	1.0
Midwest	38.8	561	13,313	94.7	2.1	1.7
West	60.0	1931	37,670	31.6	2.8	2.8
All Sections	*54.1%*	*1053*	*$18,852*	*56.0%*	*2.6*	*2.5*

nationwide have service departments, as noted in Table 23. Service is most prevalent in New England (77.8% of all dealers) and the Mid-Atlantic (70.4%). Only the South and Midwest have fewer than half of the dealerships involved in equipment service.

Because service is expensive, both to the dealership and to customers, it is important to reduce the number of calls by improving the condition of equipment and the proficiency of the service technician. Dealers made an average of 1,053 service calls this past year, which is almost 300 less than they did last year. Of course, part of this reduction can be tied to the loss in residential customers as seen in Table 3, but hopefully some of this can be explained through improvements in equipment and service techniques.

Companies which do offer service have an average of 2.6 service technicians, slightly less than the 3.0 reported last year. Again, since New England and Mid-Atlantic lead in the percentage of firms offering service, it stands to reason that these companies would have more service technicians. The Mid-Atlantic average is 3.5 technicians and New England has an average of 3.0. Both of these figures are down since last year, when the Mid-Atlantic average was 5.3 and New England was 4.2. There were increases in the other regions, both in the average number of service calls per year and the average number of service technicians. That makes sense.

We added a category this year to go along with the average number of technicians. It's the average number of service vans. Note how closely these figures parallel the average number of technicians. Nationally, the average number of vans is just .1% less. As with the other service categories, New England and Mid-Atlantic have the most, and the South has the least.

Parts inventory has gone down about $1,000 from last year, with Southern dealers really taking a dip.

The profitability of the service department is an interesting topic of discussion. For years service was offered as a loss leader for oil sales and it has only been within the past five years that dealers have made any attempts to reduce these losses and actually attempt to make service profitable. Overall, more than half of the dealers polled say that service is profitable, and the figures from the South and Midwest are most impressive. Since these two areas were probably the last to get into service, it may be understandable that more of the departments are profitable. They got into service without the preconceived notion that it wasn't supposed to make a profit.

TABLE 24

Percent of Dealers Losing Customers to Gas Heat

	Percent Losing Customers	Average No. Customers Lost
New England	46.9%	5.8
Mid-Atlantic	66.7	22.2
South	47.1	22.9
Midwest	90.5	17.9
West	86.7	18.5
All Sections	*67.6%*	*17.5*

Table 25

Percent of dealers indicating gas conversions are a major threat to their business and what they're doing about it

	% Saying Gas is A Major Threat	% Taking Steps To Combat Gas	% Making Conversions To Gas
New England	31.3%	31.3%	6.3%
Mid-Atlantic	45.8	43.8	12.5
South	41.7	26.7	6.7
Midwest	71.4	66.7	35.7
West	66.7	80.0	20.0
All Sections	*51.4%*	*49.7%*	*16.2%*

*Less than .1%

Table 26

Percent Recommending Furnace/Boiler Replacement Under Following Conditions

	New England	Mid-Atlantic	South	Mid-West	West	*All Sections*
Boiler leaks	84.4%	85.4%	25.0%	78.9%	53.3%	*65.4%*
Furnace emits fumes	81.5	52.1	25.0	63.1	60.0	*56.3*
Furnace/boiler gives continuous problems	46.9	75.0	25.0	73.7	60.0	*56.1*
Operating with no problems, but old & inefficient	62.5	68.8	25.0	47.4	53.3	*51.4*
Furnace/boiler breaks down	34.4	33.3	50.0	47.4	60.0	*45.0*
Furnace/boiler is inefficient (but not necessarily old)	50.0	41.7	*	52.6	46.7	*38.2*
Homeowner objects to heating bills	21.9	47.9	25.0	47.4	40.0	*36.4*
Homeowner threatens to convert to another fuel	28.1	37.5	50.0	31.6	53.3	*40.1*

*Less than .1%

Table 29A
Issues Affecting the Industry
(Percent Indicating Importance)
Government Controls & Interference

	Critical	Very Important	Important	Not Important
New England	34.3	28.1	21.9	15.7
Mid-Atlantic	33.2	31.3	19.4	16.1
South	31.3	31.3	25.0	12.4
Midwest	48.0	30.0	12.0	10.0
West	57.9	26.3		15.8
All Sectors	*40.9*	*29.4*	*15.7*	*14.0*

*Less than .1%

Table 29B
Issues Affecting the Industry
(Percent Indicating Importance)
Ability to Hire & Retain Good People

	Critical	Very Important	Important	Not Important
New England	50.0	34.3	9.4	6.3
Mid-Atlantic	22.4	37.3	17.4	22.4
South	12.5	37.5	12.5	37.5
Midwest	16.0	32.0	24.0	28.0
West	45.5	47.4	5.3	1.8
All Sectors	*29.3*	*37.7*	*13.8*	*19.2*

Table 29C
Issues Affecting the Industry
(Percent Indicating Importance)
Reduced No. of Suppliers

	Critical	Very Important	Important	Not Important
New England	3.1	28.1	37.5	31.3
Mid-Atlantic	5.9	14.9	33.2	46.0
South	12.5	6.3	12.5	68.7
Midwest	6.0	16.0	36.0	42.0
West	10.5	15.8	15.8	57.9
All Sectors	*7.6*	*16.2*	*27.0*	*49.2*

*Less than 1.1%

Table 29D
Issues Affecting the Industry
(Percent Indicating Importance)
Reduction in Company Overhead

	Critical	Very Important	Important	Not Important
New England	15.6	37.5	31.3	15.6
Mid-Atlantic	17.9	41.8	19.4	20.9
South	18.8	6.3	31.3	43.6
Midwest	28.0	38.0	26.0	8.0
West	31.6	36.8	21.1	10.5
All Sectors	*22.4*	*32.1*	*25.8*	*19.7*

Table 29E
Issues Affecting the Industry
(Percent Indicating Importance)
Competition From Majors

	Critical	Very Important	Important	Not Important
New England	18.8	21.9	28.1	31.2
Mid-Atlantic	13.4	20.9	16.4	49.3
South	12.5	31.3	18.8	37.4
Midwest	14.0	34.0	28.0	24.0
West	36.8	15.8	10.5	36.9
All Sectors	*19.1*	*24.8*	*20.4*	*35.8*

Table 29F
Issues Affecting the Industry
(Percent Indicating Importance)
Competition From Utilities

	Critical	Very Important	Important	Not Important
New England	21.9	21.9	21.9	34.3
Mid-Atlantic	29.9	28.3	14.9	26.9
South	37.5	12.5	25.0	25.0
Midwest	32.0	30.0	22.0	16.0
West	47.4	26.3	5.3	21.0
All Sectors	*33.7*	*23.8*	*17.8*	*24.6*

Table 29G
Issues Affecting the Industry
(Percent Indicating Importance)
Computer Systems & Strong Internal Controls

	Critical	Very Important	Important	Not Important
New England	12.5	18.8	25.0	43.7
Mid-Atlantic	4.5	19.4	34.3	41.8
South	6.3	31.3	12.5	49.9
Midwest	6.0	22.0	24.0	48.0
West	5.3	21.1	42.1	31.5
All Sectors	*6.9*	*22.5*	*27.6*	*43.0*

Table 29H
Issues Affecting the Industry
(Percent Indicating Importance)
Ability to Increase Sales

	Critical	Very Important	Important	Not Important
New England	28.1	40.6	21.9	9.4
Mid-Atlantic	23.9	43.3	17.9	14.9
South	25.0	50.0	6.3	18.7
Midwest	34.0	36.0	20.0	10.0
West	47.4	26.3	10.5	15.8
All Sectors	*31.7*	*39.2*	*15.3*	*13.8*

Table 29I
Issues Affecting the Industry
(Percent Indicating Importance)
High Interest Rates

	Critical	Very Important	Important	Not Important
New England	6.3	31.3	21.9	40.5
Mid-Atlantic	10.4	22.4	34.3	32.9
South	25.0	12.5	18.8	43.7
Midwest	26.0	20.0	22.0	32.0
West	26.3	31.6	26.3	15.8
All Sectors	*18.8*	*23.6*	*24.7*	*33.0*

Table 29J
Issues Affecting the Industry
(Percent Indicating Importance)
Financial Payment Systems

	Critical	Very Important	Important	Not Important
New England	9.4	25.0	34.3	31.3
Mid-Atlantic	4.5	14.9	32.8	47.8
South	*	12.5	25.0	62.5
Midwest	6.0	28.0	30.0	36.0
West	10.5	15.8	31.6	42.1
All Sectors	*6.0*	*19.2*	*30.7*	*43.9*

*Less than .1%

Table 29K
Issues Affecting the Industry
(Percent Indicating Importance)
Theft, Control of All Products

	Critical	Very Important	Important	Not Important
New England	6.3	28.1	40.6	25.0
Mid-Atlantic	6.0	22.4	32.8	38.8
South	6.3	12.5	12.5	68.7
Midwest	10.0	14.0	38.0	47.0
West	10.5	26.3	31.6	31.6
All Sectors	*7.8*	*20.7*	*31.1*	*42.2*

Table 27
Brand Name Specifications
(Percentage of dealers who recommend equipment replacements by brand)

	% Recommend Brand Name	% of Customers Following Recommendations
New England	65.6%	91.3%
Mid-Atlantic	60.4	87.1
South	5.9	N/R
Midwest	57.9	76.1
West	66.7	65.0
All Sections	*51.3%*	*79.9%*

N/R-Not Reported

The Threat of Gas Heat

Despite the general consensus that competition from gas heat is lessening, more than two-thirds of our study participants have experienced lost customers to the competition over the last year. This is down from more than 80% who reported losses in 1984, but still represents an alarming statistic.

Regionally, the Midwest and West were the hardest hit, although other areas also felt the pinch. The Midwest and West have very stiff price competition from gas heat because of the proximity to interstate transmission lines coming down from Canada. Table 24 shows the facts, along with the average number of customers lost in the past 12 months to gas heat.

This figure is actually up from last year, from 16 customers lost as reported by the 1984 panel. Regionally, the figures are up in the Mid-Atlantic, South and Midwest, but down in New England and the West.

Despite the losses, just a bit more than half of our panelists say that gas heat is a major threat to their businesses. A majority of Midwest and West dealers say so, but the other regions have lesser percentages of dealers who are concerned about gas. Most of those who are concerned seem to be doing something about it, although from the statistics it is evident that not everyone is. And as a last resort, about 16% will actually make the conversion to gas heat for the dissatisfied oil customer. The details on these questions can be found in Table 25.

Considerations on Equipment

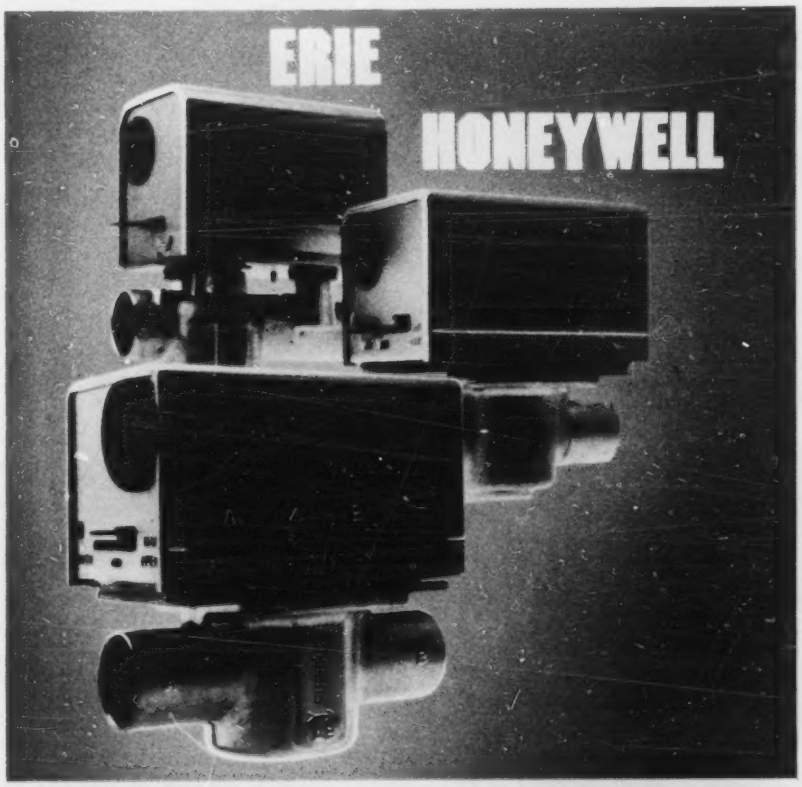
Tables 26-28 concern our panel's perception of heating equipment, when they recommend replacement and what motivates them to select and recommend brand equipment. In Table 26, leaking boilers are the number one choice for replacement, followed by furnaces which

PHASE III
Whatever your demand for Hot Water is ...
We have the size to meet it.
Size
Code
Model No.
Domestic Tank Cap.
Total Water Vol.
Net Weight
Heat Surface Sq. Ft.
2339 TR13 12.9 gal. 14.5 gal. 62 lbs. 8.5
2273 TR20 20.0 gal. 28.0 gal. 115 lbs. 12.19
2314 TR30 30.0 gal. 36.0 gal. 165 lbs. 15.31
2315 TR36 36.0 gal. 48.0 gal. 180 lbs. 16.2
2316 TR45 45.0 gal. 60.0 gal. 240 lbs. 19.05
2317 TR60 60.0 gal. 78.0 gal. 283 lbs. 24.0
2274 TR75 75.0 gal. 85.0 gal. 368 lbs. 28.53
2277 TR120 120.0 gal. 150.0 gal. 450 lbs. 41.0
Cold water from source
Hot water out domestic
Temperature gauge
Water in from boiler
Circulating boiler water
Stainless steel inner tank
Water return to boiler
10 YEAR LIMITED WARRANTY
HOT WATER FROM
TRIANGLE TUBE
The water heater is installed along with any gas/oil/coal/wood fired boiler. It therefore becomes a zone of the boiler with a circulator and thermostat and can be combined with controls such as:
1. Monitoring and automatic adjustment of water temperature to elevate domestic water temperature during peak use periods.
2. Automatic control of boiler temperature and firing during the off season.
3. Parallel installation and control of water heaters for multi-family and multiple applications.
Circle No. 33 on Card

Table 28
Percent Indicating Major Factor in Brand Selection

	New England	Mid-Atlantic	South	Mid-West	West	*All Sections*
Quality of construction	66.6%	61.3%	33.3%	56.4%	70.0%	*57.5%*
Combustion efficiency	59.7	50.7	*	66.7	46.7	*44.8*
Ease of service	31.9	25.3	13.3	12.8	20.0	*20.7*
Low incidence of service requirements	30.5	26.7	*	10.3	20.0	*17.5*
Quietness	23.6	16.0	*	*	26.7	*13.3*
Low retail price	15.3	24.0	*	*	20.0	*11.9*
Durability	23.6	12.0	6.7	12.8	3.3	*11.7*
Long warranty	23.6	13.3	*	20.5	*	*11.5*
Compactness	12.5	4.0	*	*	23.3	*8.0*
High markup opportunity	13.9	5.3	*	*	3.3	*4.5*

*Less than .1%



OUR VALVE IS SUPERIOR

	HONEYWELL	SUPERIOR	ERIE
Synchronous motor	YES	YES	YES
4 Year limited warranty	NO	YES	NO
Valve position indicators	NO	YES	NO
Double Zone valve	NO	YES	NO
½" to 1 ¼" size	NO	YES	NO
Domestic hot water valve	NO	YES	NO
Flow indicator arrow	YES*	YES	NO
Terminal board available	YES	YES	NO

SUPERIOR valves are available with a wide range of operating options and accessories. Sizes from ½" to 1¼". They are ideal for residential, commercial and industrial heating and cooling hydronic systems. Two or three port designs are available normally open or normally closed. OPTIONS AVAILABLE: High temperature. High pressure. High differential. Condensate protected. Customized wiring.

*Not visible in baseboard installations.

For additional information call or write:

SUPERIOR VALVES

DISTRIBUTED BY: **FLAIR MANUFACTURING CORP.**
600 Old Willets Path, Hauppauge, NY 11788 (516)234-3600

Circle No. 35 on Card

emit fumes. The number two category moves up from fourth last year, but all the others have remained pretty much where they have been ever since we started asking this question five years ago.

A little more than half of the dealers polled said that they make specific brand recommendations to their customers. Of the recommendations made, nearly 80% are followed by customers. As we have noted in the past, this is a strong argument for manufacturers to woo dealers with their products in order to get them to specify them to their customers.

Table 28 shows what factors dealers feel are most important in choosing a brand of equipment to market. Quality of construction, last year's second choice, has moved up to the number one factor. Combustion efficiency, the leader last year, slips back to second place, and ease of service replaces low incidence of service requirements as the number three factor in determining brand selection.

Important Issues

While we were in the process of asking dealers their opinions on equipment, we threw in a few other topics which we asked them to comment on. Tables 29A-K indicate the relative importance attached to some of the problems facing the oil heat marketing industry. Nationally, the issue deemed critical to the greatest percentage of marketers is government controls and interference. The issue deemed not important by the greatest percentage is the reduced number of suppliers.

The statistics have changed markedly since last year on these issues. In 1984, the most critical issue seemed to be the ability to increase sales.

Gasoline Marketing

Because of the growing fancy with gasoline marketing on the part of heating oil marketers, last year we introduced some questions relating to this area. First

Table 30
No. of Retail Gasoline Outlets

New England	1.6
Mid-Atlantic	4.9
South	7.5
Midwest	4.2
West	2.1
All Sectors	*4.1*

of all we were interested in how many outlets dealers operated, and the results are in Table 30. The average dealer has 4.1 retail gasoline stations, with Southern and Mid-Atlantic dealers having the most on average.

Next we asked about the volume of these stations, and Table 31 shows that the vast majority are less than 50,000 gallon-per-month operations. This is true even in the Midwest and West, which have been into gasoline marketing more

Table 31
Average Gasoline Volume Per Station
(Percent Reporting Such Capability)

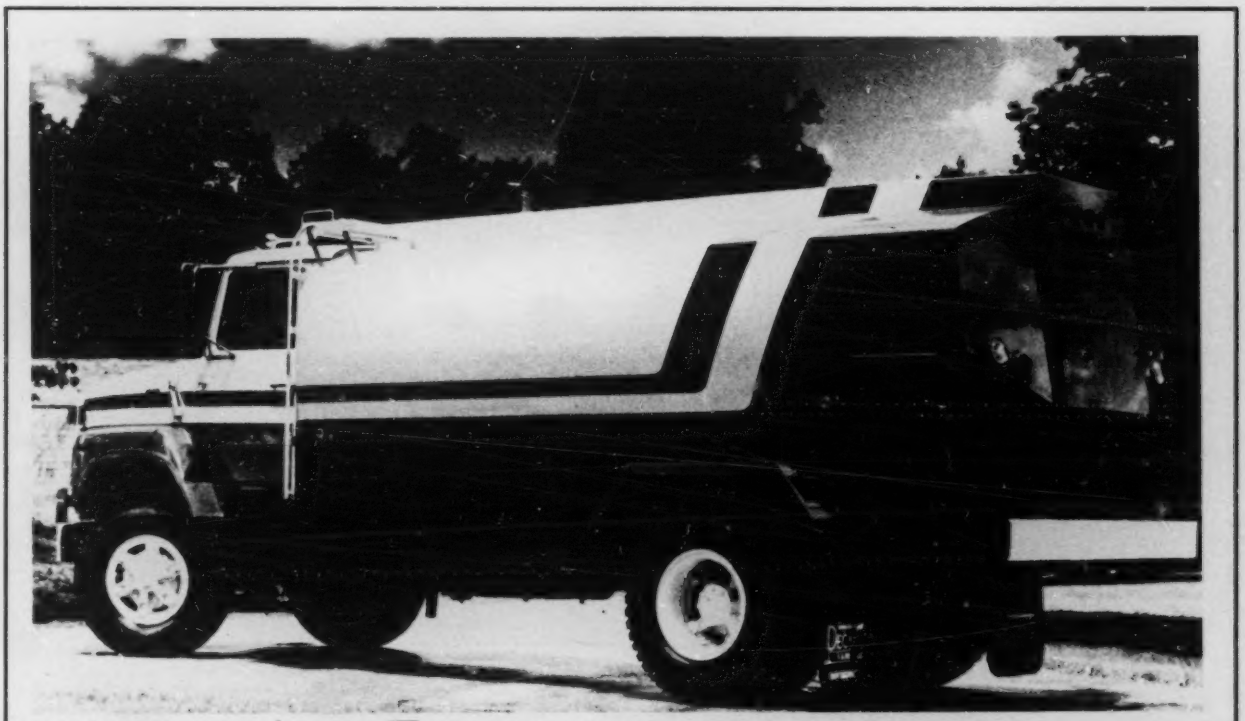
	Less than 50,000/ Month	50-75,000/ Mo.	75-100,000/ Mo.	100-125,000/ Mo.	125-150,000/ Mo.
New England	99.9%	*	*	*	*
Mid-Atlantic	76.5	23.5	17.6	5.9	*
South	75.0	12.5	12.5	*	*
Midwest	63.6	45.5	9.1	4.6	*
West	50.0	*	33.3	8.3	8.3
All Sectors	*73.0%*	*16.3%*	*12.7%*	*3.8%*	*1.7%*

*Less than .1%

Table 32
Services Offered at Retail Outlets
(Percent Reporting Such Offerings)

	Check Cashing	Auto Service	Fast Food Deli	TBA	Lottery Tickets	Beer Wine	Bakery Goods	Canned Goods	Cigarettes Soda
New England	57.1%	57.1%	14.3%	42.9%	*	14.3%	14.3%	28.6%	42.9%
Mid-Atlantic	41.2	52.9	47.1	35.3	5.9	29.4	41.2	47.1	100
South	100	50.0	83.3	33.3	*	83.3	66.7	100	100
Midwest	59.1	59.1	40.1	77.3	13.6	31.8	45.5	45.5	95.5
West	66.7	44.4	33.3	33.3	11.1	11.1	33.3	22.2	77.8
All Sectors	*64.8%*	*52.7%*	*3.6%*	*44.4%*	*6.1%*	*34.0%*	*40.6%*	*48.7%*	*83.2%*

*Less than .1%



Use our cash-saving lease or finance plans.
Take advantage of our special prices on brand new Ford LN 8000's with either steel or aluminum tanks.
Contact Ernie Johnson, sales manager.

Decker Tank Company
Builders of quality tank trucks since 1946
300 Lincoln Ave. Hawthorne, NJ 07506
201-427-2100

Circle No. 36 on Card

Table 33
Industry Publication Most Helpful to Dealers in Operating Their Fuel Oil Business.
(percent reporting)

	New England	Mid-Atlantic	South	Midwest	West	*All Sections*
Fuel Oil News	86.1%	85.9%	76.5%	80.8%	90.0%	*83.9%*
Fueloil & Oil Heat	47.2	40.8	5.9	25.0	30.0	*29.8*
Nat'l. Petroleum News	8.3	25.3	17.6	28.8	30.0	*22.0*
Oil Express	5.6	14.1	11.8	5.8	20.0	*11.5*
Pet. Mktg. Mgmt.	5.6	11.1	*	5.8	30.0	*10.5*
Petroleum Equipment	2.8	7.0	*	13.5	10.0	*6.7*
Other	16.7	4.2	*	1.9	10.0	*6.6*
Petroleum Marketer	*	5.6	*	5.8	20.0	*6.3*
Oil Daily	*	4.2	11.8	3.8	*	*4.0*
Contractor	2.8	4.2	*	5.8	*	*2.6*
The Lundberg Letter	2.8	4.2	*	*	*	*1.4*
Snips	2.8	1.4	*	1.9	*	*1.2*
Platt's Oilgram	*	2.8	*	*	*	*0.6*

*Less than .1%

heavily than the other regions.

The types of services offered at these outlets are detailed in Table 32, which reveals that cigarettes and soda is the number one peripheral offering, followed by check cashing.

Our Own Scorecard

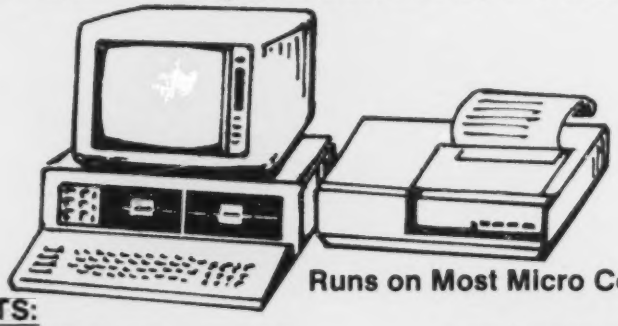
Lastly, as in the past, we threw in a loaded question about the publications which serve the oil heating industry. We've been number one in the hearts and minds of our panelists ever since we first asked this question four or five years ago, and we were indeed gratified to discover that our margin is growing, as shown in Table 33. Last year, 78.8% of the dealers surveyed indicated that *Fuel Oil News* was the industry publication most helpful to them. This year, a whopping 83.9% way we're best. Thank you.

The Bottom Line

Well, that's our findings. Our eighth annual study is something that our entire staff takes a lot of pride in compiling. We hope it will be of value to the entire industry and that the statistics are meaningful in business planning. With all the hoopla over oil heat's Centennial, and the bullish atmosphere that pervaded the meetings and shows, we're eagerly awaiting next year's study which we hope will show increases in all the important categories, such as number of customers, volume, equipment sales, etc. In the meantime, we will certainly keep abreast of the developments and keep you in touch every month. ■

Tired of Paperwork Yet?
You could be Computerized in 2 or 3 weeks

As Low as
$6,600
COMPLETE



DEGREE DAYS OR ROUTING

EXTREMELY EASY TO USE

Runs on Most Micro Computers

PRINTS:

SUGGESTED DELIVERIES
METER TICKETS
STATEMENTS
CUSTOMER DATA REPORTS
GENERAL LEDGER POSTING
DETAILED AGING REPORTS
TRANSACTION REPORTS
DAILY POSTING REPORTS
DAILY - WEEKLY - YEARLY TOTALS
MAILING LABELS

Prints statements, reports, mailing labels and meter tickets one at a time; for all your customers or a selected group of your customers.

The D.R.-OIL System by D.R.-MICRO was developed to fill the needs of small to medium sized fuel oil dealers. Until now, many dealers were not able to computerize because systems were priced starting at $15,000. But micro-computers have changed all that. If you are spending more than an hour a day on your bookkeeping, and if you would like the power and control enjoyed by large competitors at a fraction of the cost, contact:

DR-MICRO
P.O. Box 9
S. CHATHAM, MA 02659
(617) 945-1300

Or your Local Computer Dealer

A COMPLETE, COMPREHENSIVE ACCOUNTS RECEIVABLE AND DEGREE DAY SYSTEM FOR FUEL OIL DEALERS

Circle No. 37 on Card